

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: W.R. GRACE & CO., <i>et al.</i>, Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (KJC)
---	--	--

**FEE AUDITOR’S FINAL REPORT REGARDING THE FORTY-FIRST
QUARTERLY AND FINAL APPLICATION OF CAPSTONE ADVISORY
GROUP, LLC, FOR ALLOWANCE OF COMPENSATION FOR
SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Forty-First Quarterly and Final Application of Capstone Advisory Group, LLC, for Allowance of Compensation for Services Rendered and Reimbursement of Expenses (the “Application”).

BACKGROUND

1. Capstone Advisory Group, LLC (“Capstone”), was retained as financial advisors to the Official Committee of Unsecured Creditors (the “Committee”). In the Application, Capstone seeks approval of fees and expenses as follows: fees totaling \$28,337.00 and expenses totaling \$31.05 for its services from January 1, 2014 through February 3, 2014 (the “Fifty-Second Interim

Period”), and final approval of fees totaling 11,104,136.98¹² and expenses totaling \$97,859.59³ for its services from April 20, 2001 through February 3, 2014 (the “Final Application Period”).

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2014, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the “U.S. Trustee Guidelines”), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We emailed an inquiry to Capstone based on our review, and we received a response from Capstone, portions of which response are quoted herein.

¹This amount also includes fees totaling \$2,354,812.75 requested by FTI Policano & Manzo (“FTI”) who served as financial advisor prior to Capstone. *See n. 7.*

²We note that the total of the fees requested in the 52 prior fee applications of Capstone and FTI, plus the compensation sought for the Fifty-Second Interim Period, is \$11,157,340.25. It appears that Capstone has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 6, to arrive at the figure it seeks of \$11,104,136.98. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

³We note that the total of the expenses requested in the 52 prior fee applications of Capstone and FTI, plus the expenses sought for the Fifty-Second Interim Period, is \$2,320,936.50. It appears that Capstone has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 6, to arrive at the figure it seeks of \$97,859.59. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

DISCUSSION

Fifty-Second Interim Period

3. We noted that Capstone's fee request includes \$5,068.00 in fees for fee application preparation that were incurred after February 3, 2014, the Effective Date of the debtor's plan of reorganization. Because these fees were incurred after the Effective Date, they are beyond the scope of our review, and we offer no recommendation concerning the fees in this report.

4. Thus, we recommend approval of \$23,269.00 in fees (\$28,337.00 excluding \$5,068.00 in post-Effective Date fees) and \$31.05 in expenses for Capstone's services for the Fifty-Second Interim Period.

Final Application Period

5. We noted discrepancies between Capstone's final fee and expense request and our calculations of Capstone's final fees and expenses. We conferred with Capstone concerning these discrepancies and submitted to Capstone revised calculations. Capstone reviewed our calculations and responded as follows:

The attached spreadsheet is the last version that was discussed between you and Meagan Haverkamp from my office. We are in agreement with this schedule and approve this as final.

Pursuant to the calculations we agreed upon with Capstone, Capstone's total approved fees (excluding \$5,068.00 in post-Effective Date fees)⁴ should be \$11,084,585.86, rather than the amount requested of \$11,104,136.98, for a difference of \$19,551.12. Capstone's total approved expenses should be \$103,750.67, rather than the amount requested of \$97,859.59, for a difference of

⁴See paragraph 3.

(\$5,891.08). Thus, we recommend that Capstone's final fee request be reduced by \$19,551.12⁵ and its final expense request be increased by \$5,891.08.⁶

Prior Interim Applications

6. We note that we previously filed the following final reports for the prior interim applications of FTI Policano & Manzo ("FTI")⁷ and Capstone, which final reports we incorporate by reference herein, and we also note the following orders that ruled on FTI's and Capstone's prior interim fee applications:

1st - 3rd Periods (FTI): Fee Auditor's Final Report Regarding Interim Application of FTI Policano & Manzo for the First, Second, and Third Interim Periods (Docket #2891), filed on or about October 28, 2002, in which we recommended approval of fees totaling \$574,021.11 and expenses totaling \$20,474.88, reflecting our recommended reductions of \$15,893.39 in fees and \$1,152.55 in expenses, as further explained in paragraphs 7-10 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the

⁵This amount reflects our exclusion of \$5,068.00 in post-Effective Date fees (*see* paragraph 3), as well as a correction of \$14,483.12, for a total reduction of \$19,551.12.

⁶We would ordinarily not recommend approval of an amount greater than that requested by the applicant. However, we note that the additional expense amount which we have recommended was previously approved by the Court. Thus, provided the Court and the U.S. Trustee have no objection, we recommend final approval of the additional expenses.

⁷FTI was originally retained as financial advisor to the Committee, and Capstone later took FTI's place as financial advisor in or around the Twelfth Interim Period. Capstone has included FTI's fees and expenses for the First through Twelfth Interim Periods in its final fee and expense request because Capstone professionals were employees of FTI during that time frame. Capstone has advised us that FTI's Thirteenth Interim Application was not included in Capstone's final fee and expense request because they consider obtaining approval of those fees and expenses to be FTI's responsibility.

First, Second and Third Periods, dated November 25, 2002 (Docket #3091).

4th Period (FTI): Fee Auditor's Final Report Regarding Fourth Interim Quarterly Fee Application of FTI Policano & Manzo (Docket #2458), filed on or about July 29, 2002, in which we recommended approval of fees totaling \$170,248.50 and expenses totaling \$4,094.42. The Court approved \$174,328.50 in fees and \$4,594.92 in expenses in the Order Approving Quarterly Fee Applications for the Fourth Period, dated October 9, 2002 (Docket #2797).

5th Period (FTI): Fee Auditor's Final Report Regarding Fee Application of FTI Policano & Manzo for the Fifth Interim Period (Docket #2941), filed on or about November 5, 2002, in which we recommended approval of fees totaling \$185,161.00 and expenses totaling \$7,093.58, reflecting our recommended reductions of \$10,539.00 in fees and \$1,026.00 in expenses, as further explained in paragraphs 5 and 8-13 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fifth Period, dated November 25, 2002 (Docket #3092).

6th Period (FTI): Fee Auditor's Final Report Regarding Fee Application of FTI Policano & Manzo for the Sixth Interim Period (Docket #3362), filed on or about February 10, 2003, in which we recommended approval of fees totaling \$145,067.00 and expenses totaling \$1,781.28. These

recommendations were adopted in the Order Approving Quarterly Fee Applications for the Sixth Period, dated March 14, 2003 (Docket #3511).

7th Period (FTI): Fee Auditor's Final Report Regarding Fee Application of FTI Policano & Manzo for the Seventh Interim Period (Docket #3635), filed on or about April 8, 2003, in which we recommended approval of fees totaling \$133,591.00 and expenses totaling \$1,116.41. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Seventh Period, dated July 28, 2003 (Docket #4157).

8th Period (FTI): Fee Auditor's Final Report Regarding Fee Application of FTI Policano & Manzo for the Eighth Interim Period (Docket #4027), filed on or about July 8, 2003, in which we recommended approval of fees totaling \$297,288.50 and expenses totaling \$3,865.37. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Eighth Period, dated September 22, 2003 (Docket #4480).

9th Period (FTI): Fee Auditor's Final Report Regarding Fee Application of FTI Policano & Manzo for the Ninth Interim Period (Docket #4335), filed on or about August 26, 2003, in which we recommended approval of fees totaling \$172,865.00 and expenses totaling \$1,389.90. These recommendations were adopted in the Order Approving Quarterly Fee

Applications for the Ninth Period, dated December 15, 2003 (Docket #4827).

10th Period (FTI): Fee Auditor's Final Report Regarding Fee Application of FTI Policano & Manzo for the Tenth Interim Period (Docket #5011), filed on or about January 28, 2004, in which we recommended approval of fees totaling \$248,969.00 and expenses totaling \$3,557.83. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Tenth Period, dated April 26, 2004 (Docket #5482).

11th Period (FTI): Fee Auditor's Combined Final Report Regarding Those Fee Applications With No Fee or Expense Issues for the Eleventh Interim Period (Docket #5675), filed on or about June 1, 2004, in which we recommended approval of fees totaling \$247,654.00 and expenses totaling \$2,320.58. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Eleventh Period, dated June 16, 2004 (Docket #5822).

12th Period (FTI): Fee Auditor's Combined Final Report Regarding Those Fee Applications With No Fee or Expense Issues for the Twelfth Interim Period (Docket #6257), filed on or about August 25, 2004, in which we recommended approval of fees totaling \$91,456.75 and expenses totaling \$1,138.73, reflecting our recommended reduction of \$1,293.75 in fees, as further explained in paragraph 4 of that final

report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twelfth Period, dated September 27, 2004 (Docket #6465).

13th Period (FTI):⁸ Fee Auditor's Final Report Regarding Fee Application of FTI Policano & Manzo for the Thirteenth Interim Period (Docket #6977), filed on or about November 18, 2004, in which we recommended approval of fees totaling \$33,876.25 and expenses totaling \$1,394.29, reflecting our recommended reduction of \$309.16 in expenses, as further explained in paragraph 4 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirteenth Period, dated January 26, 2005 (Docket #7622).

12th Period (Capstone): Fee Auditor's Final Report Regarding Fee Application of Capstone Recovery, LLC for the Twelfth Interim Period (Docket #6056), filed on or about July 29, 2004, in which we recommended approval of fees totaling \$231,297.50 and expenses totaling \$5,751.07. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twelfth Period, dated September 27, 2004 (Docket #6465).

⁸ As noted in the preceding footnote, Capstone excluded FTI's Thirteenth Interim fees and expenses from its final fee and expense request. Thus, although we have listed them here, we have excluded FTI's Thirteenth Interim fees and expenses from our recommendations in this report. We further note that FTI did not file a final application seeking final approval of its fees and expenses for the Thirteenth Interim Period.

- 13th Period (Capstone): Fee Auditor's Final Report Regarding Fee Application of Capstone Recovery, LLC for the Thirteenth Interim Period (Docket #6875), filed on or about November 10, 2004, in which we recommended approval of fees totaling \$201,060.50 and expenses totaling \$1,959.97, reflecting our recommended reduction of \$315.14 in expenses, as further explained in paragraph 4 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirteenth Period, dated January 26, 2005 (Docket #7622).
- 14th Period (Capstone): Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Fourteenth Interim Period (Docket #7982), filed on or about March 8, 2005, in which we recommended approval of fees totaling \$212,667.25 and expenses totaling \$2,667.81. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fourteenth Interim Period, dated March 22, 2005 (Docket #8081).
- 15th Period (Capstone): Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Fifteenth Interim Period (Docket #8561), filed on or about June 6, 2005, in which we recommended approval of fees totaling \$224,310.00 and expenses totaling \$2,919.64. These recommendations were

adopted in the Order Approving Quarterly Fee Applications for the Fifteenth Period, dated June 29, 2005(Docket #8728).

16th Period (Capstone): Fee Auditor's Final Report Regarding Fee Application of Capstone Corporate Recovery, LLC, for the Sixteenth Interim Period (Docket #9373), filed on or about September 9, 2005, in which we recommended approval of fees totaling \$270,776.87 and expenses totaling \$2,401.73. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Sixteenth Period, dated September 27, 2005 (Docket #9513).

17th Period (Capstone): Fee Auditor's Final Report Regarding Fee Application of Capstone Corporate Recovery, LLC, for the Seventeenth Interim Period (Docket #11056), filed on or about November 14, 2005, in which we recommended approval of fees totaling \$296,454.00 and expenses totaling \$2,252.85, reflecting our recommended reduction of \$776.00 in fees, as further explained in paragraph 3 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Seventeenth Period, dated December 21, 2005 (Docket #11402).

18th Period (Capstone): Fee Auditor's Final Report Regarding Fee Application of Capstone Corporate Recovery, LLC, for the Eighteenth Interim Period (Docket #12016), filed on or about March 9, 2006, in which we recommended approval of fees totaling \$291,891.00

and expenses totaling \$2,635.52, reflecting our recommended reduction of \$340.00 in fees, as further explained in paragraph 3 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Eighteenth Period, dated March 27, 2006 (Docket #12121).

19th Period (Capstone): Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Nineteenth Interim Period (Docket #12525), filed on or about May 25, 2006, in which we recommended approval of fees totaling \$335,823.00 and expenses totaling \$2,808.92. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Nineteenth Period, dated June 16, 2006 (Docket #12660).

20th Period (Capstone): Fee Auditor's Final Report Regarding Fee Application of Capstone Corporate Recovery, LLC, for the Twentieth Interim Period (Docket #13174), filed on or about September 8, 2006, in which we recommended approval of fees totaling \$399,090.00 and expenses totaling \$4,008.69. The Court approved \$386,771.25 in fees and \$3,771.69 in expenses⁹ in the Order Approving Quarterly Fee Applications for the Twentieth Period, dated September 26, 2006 (Docket #13298).

⁹Per agreement between Capstone and the U.S. Trustee's Office.

- 21st Period (Capstone): Fee Auditor's Final Report Regarding Fee Application of Capstone Corporate Recovery, LLC, for the Twenty-First Interim Period (Docket #13967), filed on or about December 8, 2006, in which we recommended approval of fees totaling \$411,820.00 and expenses totaling \$4,102.15, reflecting our recommended reduction of \$56.60 in expenses, as further explained in paragraph 3 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-First Period, dated December 19, 2006 (Docket #14069).
- 22nd Period (Capstone): Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Twenty-Second Interim Period (Docket #14868), filed on or about March 15, 2007, in which we recommended approval of fees totaling \$288,706.50 and expenses totaling \$1,698.54. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Second Period, dated May 3, 2007 (Docket #15494).
- 23rd Period (Capstone): Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Twenty-Third Interim Period (Docket #16037), filed on or about June 13, 2007, in which we recommended approval of fees totaling \$221,771.50 and expenses totaling \$1,397.19. These

recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Third Period, dated June 20, 2007 (Docket #16105).

24th Period (Capstone): Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Twenty-Fourth Interim Period (Docket #16786), filed on or about September 10, 2007, in which we recommended approval of fees totaling \$261,871.00 and expenses totaling \$983.27. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Fourth Period, dated September 25, 2007 (Docket #16916).

25th Period (Capstone): Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Twenty-Fifth Interim Period (Docket #17542), filed on or about December 4, 2007, in which we recommended approval of fees totaling \$268,488.50 and expenses totaling \$1,804.40. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Fifth Period, dated December 13, 2007 (Docket #17629).

26th Period (Capstone): Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Twenty-Sixth Interim Period (Docket #18176), filed on or about February 29,

2008, in which we recommended approval of fees totaling \$232,454.50 and expenses totaling \$1,217.17. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Sixth Period, dated March 12, 2008 (Docket #18270).

27th Period (Capstone): Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Twenty-Seventh Interim Period (Docket #18887), filed on or about June 9, 2008, in which we recommended approval of fees totaling \$53,730.50 and expenses totaling \$308.15. The Court approved \$188,115.00 in fees and \$1,009.70 in expenses in the Order Approving Quarterly Fee Applications for the Twenty-Seventh Period, dated June 23, 2008 (Docket #18989).

28th Period (Capstone): Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Twenty-Eighth Interim Period (Docket #19535), filed on or about September 15, 2008, in which we recommended approval of fees totaling \$227,428.00 and expenses totaling \$1,039.60. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Eighth Period, dated October 1, 2008 (Docket #19663).

29th Period (Capstone): Fee Auditor's Combined Final Report Regarding Those Fee

Applications with No Fee or Expense Issues for the Twenty-Ninth Interim Period (Docket #20150), filed on or about November 26, 2008, in which we recommended approval of fees totaling \$213,893.00 and expenses totaling \$983.89. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Ninth Period, dated December 17, 2008 (Docket #20283).

30th Period (Capstone): Fee Auditor's Final Report Regarding Fee Application of Capstone Advisory Group LLC for the Thirtieth Interim Period (Docket #20929), filed on or about March 6, 2009, in which we recommended approval of fees totaling \$304,425.50 and expenses totaling \$2,272.98, reflecting our recommended reduction of \$335.70 in expenses, as further explained in paragraph 3 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirtieth Period, dated April 2, 2009 (Docket #21173).

31st Period (Capstone): Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirty-First Interim Period (Docket #22047), filed on or about June 10, 2009, in which we recommended approval of fees totaling \$221,736.50 and expenses totaling \$949.19. These recommendations were adopted in the Order Approving Quarterly Fee Applications for

the Thirty-First Period, dated July 7, 2009 (Docket #22354).

32nd Period (Capstone): Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Thirty-Second Interim Period (Docket #23240), filed on or about September 15, 2009, in which we recommended approval of fees totaling \$181,278.50 and expenses totaling \$688.30. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Second Period, dated September 28, 2009 (Docket #23352).

33rd Period (Capstone): Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirty-Third Interim Period (Docket #23927), filed on or about December 3, 2009, in which we recommended approval of fees totaling \$195,700.00 and expenses totaling \$593.58. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Third Period, dated December 11, 2009 (Docket #23996).

34th Period (Capstone): Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Thirty-Fourth Interim Period (Docket #24438), filed on or about March 11, 2010, in which we recommended approval of fees totaling \$361,641.00 and expenses totaling \$3,506.56,

reflecting our recommended reduction of \$35.11 in expenses, as further explained in footnote 12 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Fourth Period, dated March 19, 2010 (Docket #24470).

35th Period (Capstone): Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Thirty-Fifth Interim Period (Docket #24856), filed on or about May 28, 2010, in which we recommended approval of fees totaling \$157,517.50 and expenses totaling \$809.68. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Fifth Period, dated June 7, 2010 (Docket #24917).

36th Period (Capstone): Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Thirty-Sixth Interim Period (Docket #25384), filed on or about September 10, 2010, in which we recommended approval of fees totaling \$276,402.00 and expenses totaling \$537.75. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Sixth Period, dated September 13, 2010 (Docket #25397).

37th Period (Capstone): Fee Auditor's Combined Final Report Regarding Those Fee

Applications with No Fee or Expense Issues for the Thirty-Seventh Interim Period (Docket #25850), filed on or about December 2, 2010, in which we recommended approval of fees totaling \$240,912.50 and expenses totaling \$824.12. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Seventh Period, dated December 10, 2010 (Docket #25905).

38th Period (Capstone): Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirty-Eighth Interim Period (Docket #26519), filed on or about March 9, 2011, in which we recommended approval of fees totaling \$161,303.00 and expenses totaling \$498.88. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Eighth Period, dated March 25, 2011 (Docket #26627).

39th Period (Capstone): Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirty-Ninth Interim Period (Docket #27116), filed on or about June 21, 2011, in which we recommended approval of fees totaling \$176,259.00 and expenses totaling \$538.25. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Ninth Period, dated June 30, 2011 (Docket #27188).

40th Period (Capstone): Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Fortieth Interim Period (Docket #27507), filed on or about August 25, 2011, in which we recommended approval of fees totaling \$245,534.50 and expenses totaling \$541.52. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fortieth Period, dated September 20, 2011 (Docket #27622).

41st Period (Capstone): Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-First Interim Period (Docket #28070), filed on or about December 2, 2011, in which we recommended approval of fees totaling \$222,989.50 and expenses totaling \$513.61. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-First Period, dated December 14, 2011 (Docket #28150).

42nd Period (Capstone): Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Second Interim Period (Docket #28548), filed on or about February 20, 2012, in which we recommended approval of fees totaling \$192,770.50 and expenses totaling \$369.08. These recommendations were adopted in the Order Approving Quarterly

Fee Applications for the Forty-Second Period, dated March 23, 2012 (Docket #28705).

43rd Period (Capstone): Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Third Interim Period (Docket #28900), filed on or about May 9, 2012, in which we recommended approval of fees totaling \$119,863.00 and expenses totaling \$323.67. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Third Period, dated June 14, 2012 (Docket #29054).

44th Period (Capstone): Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Fourth Interim Period (Docket #29449), filed on or about August 13, 2012, in which we recommended approval of fees totaling \$117,066.50 and expenses totaling \$251.22. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Fourth Period, dated October 19, 2012 (Docket #29746).

45th Period (Capstone): Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Fifth Interim Period (Docket #29988), filed on or about December 4, 2012, in which we recommended approval of

fees totaling \$181,596.50 and expenses totaling \$388.48. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Fifth Period, dated December 11, 2012 (Docket #30036).

46th Period (Capstone): Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Sixth Interim Period (Docket #30382), filed on or about March 7, 2013, in which we recommended approval of fees totaling \$86,417.00 and expenses totaling \$182.53. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Sixth Period, dated March 27, 2013 (Docket #30440).

47th Period (Capstone): Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Seventh Interim Period (Docket #30840), filed on or about July 17, 2013, in which we recommended approval of fees totaling \$154,568.00 and expenses totaling \$291.11. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Seventh Period, dated July 31, 2013 (Docket #30907).

48th Period (Capstone): Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for

the Forty-Eighth Interim Period (Docket #31080), filed on or about September 6, 2013, in which we recommended approval of fees totaling \$134,650.00 and expenses totaling \$287.38. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Eighth Period, dated September 24, 2013 (Docket #31158).

49th Period (Capstone): Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Ninth Interim Period (Docket #31404), filed on or about November 26, 2013, in which we recommended approval of fees totaling \$107,013.00 and expenses totaling \$181.48. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Ninth Period, dated December 17, 2013 (Docket #31482).

50th Period (Capstone): Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Fiftieth Interim Period (Docket #31838), filed on or about March 11, 2014, in which we recommended approval of fees totaling \$102,595.00 and expenses totaling \$187.46. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fiftieth Period, dated March 11, 2014 (Docket #31963).

51st Period (Capstone): Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Fifty-First Interim Application Period (Docket #32197), filed on or about May 13, 2014, in which we recommended approval of fees totaling \$83,241.00 and expenses totaling \$147.21. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fifty-First Period, dated May 23, 2014 (Docket #32216).

7. We have reviewed the final reports and orders allowing fees and expenses for the prior interim periods, and we do not believe there is any reason to change any of the amounts awarded for the prior interim periods, with the exception of the Fifth Interim Period and the Sixteenth Interim Period. The expenses awarded for the Fifth Interim Period should have been \$7,219.58, but due to a \$126.00 error in the final report and order submitted to the Court, expenses of \$7,093.58 were approved. With respect to the Sixteenth Interim Period, the fees approved should have been \$270,612.50, but due to an error of \$164.37 in the final report and the order submitted to the Court, the fees approved were \$270,776.87. The Sixteenth Interim Period expenses should have been \$2,498.72, but due to an error of \$96.99 in the final report and the order submitted to the Court, the expenses approved were \$2,401.73. However, because the final fee and expense totals agreed upon by Capstone (*see* paragraph 5) reflect the correct amounts for fees and expenses for both the Fifth and Sixteenth Interim Periods, no additional adjustments to Capstone's final fees and expenses are necessary.

CONCLUSION

8. Thus, we recommend final approval of \$11,084,585.86 in fees (\$11,104,136.98¹⁰ minus \$14,483.12¹¹ and excluding \$5,068.00 in post-Effective Date fees)¹² and \$103,750.67 in expenses (\$97,859.59¹³ plus \$5,891.08)^{14, 15} for Capstone's services for the Final Application Period.

¹⁰We note that the total of the fees requested in the 52 prior fee applications of Capstone and FTI, plus the compensation sought for the Fifty-Second Interim Period, is \$11,157,340.25. It appears that Capstone has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 6, to arrive at the figure it seeks of \$11,104,136.98. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

¹¹See paragraph 5.

¹²See paragraph 3.

¹³We note that the total of the expenses requested in the 52 prior fee applications of Capstone and FTI, plus the expenses sought for the Fifty-Second Interim Period, is \$2,320,936.50. It appears that Capstone has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 6, to arrive at the figure it seeks of \$97,859.59. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

¹⁴See paragraph 5.

¹⁵We would ordinarily not recommend approval of an amount greater than that requested by the applicant. However, we note that the additional expense amount which we have recommended was previously approved by the Court. Thus, provided the Court and the U.S. Trustee have no objection, we recommend final approval of the additional expenses.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.



By: _____

Warren H. Smith

Texas State Bar No. 18757050

2235 Ridge Road, Suite 105

Rockwall, Texas 75087

214-698-3868

214-722-0081 (fax)

whsmith@whsmithlaw.com

FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 16th day of July, 2014.



Warren H. Smith

SERVICE LIST

Notice Parties

The Applicant

Edwin N. Ordway, Jr.
Capstone Advisory Group, LLC
Park 80 West - 250 Pehle Avenue, Suite 105
Saddle Brook, NJ 07663

Robert Frezza
Meagan Haverkamp
Capstone Advisory Group, LLC
1140 Connecticut Ave., N.W.
Suite 612
Washington, DC 20036

The Debtors

Richard Finke
Assistant General Counsel
W.R. Grace & Co.
7500 Grace Drive
Columbia, MD 21044

United States Trustee

Richard Schepacarter
Office of the United States Trustee
844 King Street, Lockbox 35, Room 2207
Wilmington, DE 19801

Counsel for the Debtors

John Donley
Adam Paul
Kirkland & Ellis LLP
300 North LaSalle Street
Chicago, IL 60654

Laura Davis Jones, Esq.
James E. O'Neill
Pachulski Stang Ziehl & Jones LLP
919 North Market Street, 17th Floor
P.O. Box 8705
Wilmington, DE 19899-8705

Counsel to the Official Committee of Unsecured Creditors

Denise Wildes
Stroock & Stroock & Lavan
180 Maiden Lane
New York, NY 10038-4982

Michael R. Lastowski
Duane Morris LLP
222 Delaware Avenue, Suite 1600
Wilmington, DE 19801

Counsel to the Official Committee of Property Damage Claimants

Scott L. Baena
Jay Sakalo
Bilzin, Sumberg, Baena, Price & Axelrod
1450 Brickell Avenue, Suite 2300
Miami, FL 33131

Michael B. Joseph
Theodore J. Tacconelli
Lisa Coggins
Ferry & Joseph, P.A.
824 Market Street, Suite 904
Wilmington, DE 19801

Counsel to the Official Committee of Personal Injury Claimants

Elihu Inselbuch
Rita Tobin
Caplin & Drysdale
600 Lexington Avenue, 21st Floor
New York, NY 10022-6000

Marla R. Eskin
Mark Hurford
Kathleen Campbell Davis
Campbell & Levine, LLC
222 Delaware Avenue, Suite 1620
Wilmington, DE 19801

Counsel to the Official Committee of Equity

Holders

Philip Bentley
David E. Blabey, Jr.
Kramer Levin Naftalis & Frankel
1177 Avenue of the Americas
New York, NY 10036

Teresa K.D. Currier
Saul Ewing LLP
222 Delaware Avenue
P.O. Box 1266
Wilmington, DE 19899